

Quarterly Report on State of Ohio's Workforce

Reference Period: First Quarter 2006

(Per Ohio Revised Code 6301.10)

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Bureau of Labor Market Information
Office of Workforce Development
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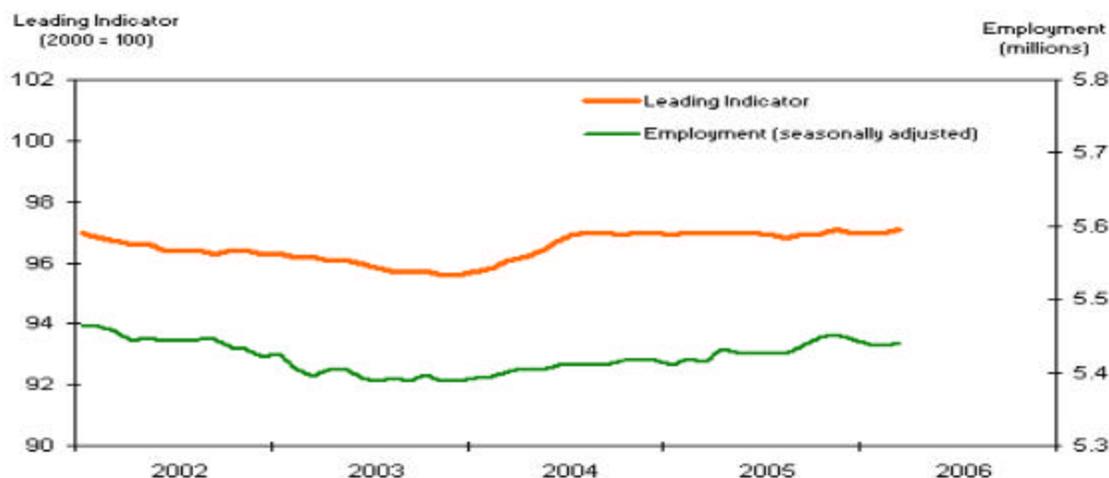
Unemployment Rates and Related Data

Employment Data

Leading Indicators : Ohio and U.S. (Seasonally Adjusted)

Ohio's composite index of leading indicators held steady at 97.0 in the first quarter of 2006, but did increase slightly in March, suggesting continued weak employment growth for the summer. The national composite index of leading economic indicators also rose during the first quarter, and was 1.5 percent higher than a year ago.

Ohio Leading Indicator and Employment



The Ohio first quarter average of individual components (not seasonally adjusted) in the index were mostly positive. The valuation and number of permits for new housing construction were up slightly from a year ago. Initial claims for unemployment insurance were down noticeably from the fourth quarter of 2005 and compared to a year ago. The average weekly hours for manufacturing were down 0.2 hours from the previous quarter and 0.4 hours from the first quarter of 2005.

Economic Indicators	Data			Change		Percent Change	
	1st Qtr. 2006	4th Qtr. 2005	1st Qtr. 2005	From Last Quarter	From Last Year	From Last Quarter	From Last Year
Ohio							
Leading Indicator Index (2000=100)	97.0	97.0	97.0	0.0	0.0	0.0%	0.0%
Average Initial Claims for Unemployment Insurance	58,627	66,042	62,686	-7,415	-4,059	-11.2%	-6.5%
Average Weekly Hours for Manufacturing	41.3	41.5	41.7	-0.2	-0.4	-0.5%	-1.0%
Average Valuation of Housing Permits (millions of dollars)	538.232	670.084	535.935	-131.852	2.297	-19.7%	0.4%
Average Number of Housing Permits	3,387	4,163	3,360	-776	27	-18.6%	0.8%
National Data							
National Composite Index of Leading Economic Indicators (1996=100)	138.7	137.9	136.7	0.8	2.0	0.6%	1.5%
U.S. Domestic Auto Production (annualized in millions)	4.835	4.093	4.535	0.742	0.300	18.1%	6.6%
Difference between 10-Year and 1-Year Treasuries, Constant Maturities	-0.06	0.20	1.23	-0.26	-1.29	-130.0%	-104.9%
Average Number of Housing Permits	164,095	159,999	156,391	4,096	7,704	2.6%	4.9%

Related Information

Related Information

Workforce 411 Conference: The Office of Workforce Development held its inaugural One-Stop System Conference entitled “**Workforce 411 – Building Ohio’s Integrated Workforce System**” on February 15-16 at the Columbus Hyatt Regency with more than 600 in attendance. A panel composed of senior executives of the state level One-Stop System partners from the Departments of Job and Family Services, Aging, Education, Rehabilitation Services Commission, Board of Regents, and national Veteran’s Programs presented in a plenary session. Each state partner also conducted a separate workshop to further expound on their visions of integration of services and One-Stop System services. This complemented an array of workshops that featured many local area best practices. The conference presentations are available for review at <http://www.ohioworkforce.org/workforce411/>.

Blueprints for Job Placement: The LMI Bureau staff produced four *Blueprints for Job Placement* brochures, which successfully align and apply labor market information resources on the Internet by all types of unemployment (see <http://lmi.state.oh.us/Jobs/JobBanks.htm>) for the first time. The blueprint brochures include *The Job-Ready: Frictional Unemployment*, *Skill Enhancement: Structural Unemployment*, *Weathering Business Downturns: Cyclical Unemployment*, and *Workforce Information for the Seasonally Unemployed: Seasonal Unemployment*. Each brochure contains Internet links to the appropriate resources to help job seekers return to work.

Long-term Job Forecasts for Metropolitan Areas: On April 6, ODJFS issued a press release on LMI’s long-term job growth projections through 2014 for eight Ohio metropolitan areas (see <http://jfs.ohio.gov/releases/rl040606.stm>). The reports provide regional projections for Akron, Canton-Massillon, Cincinnati-Middletown, Cleveland-Elyria-Mentor, Columbus, Dayton, Toledo and Youngstown-Warren-Boardman. The reports forecast growth by industry and occupation to help Ohio employers, educators and job seekers prepare for the future.

Occupational Supply/Demand System: Ohio participated in a national consortium to design and develop the new Occupational Supply/Demand System (OSDS). The OSDS is a tool designed to guide training investments and increase the economic returns to educational programs. It is also the first Internet-based planning system (<http://www.occsupplydemand.org>) which provides data for both the human resource accounting model of the labor market and the occupational and industry wage changes over time.

The Occupational Supply/Demand System addresses the problem of structural unemployment where skills supplied by labor no longer match skills demanded by employers. This new system provides analyses of occupational employment projections, structured training and licensing data, and longitudinal occupational wage data at both the state and national levels to guide training investments.

Quarterly Census of Employment and Wages: LMI published tables for the 3rd Quarter 2005 Census of Employment and Wages (QCEW). Employment covered by the Ohio Unemployment Compensation Law totaled 5.27 million – up 0.3 percent from the year before – while payroll, at \$49.063 billion, was up 6.0 percent during the same period. These publications (RS203.1-B and RS203.2-B) may be found at http://lmi.state.oh.us/CEP/CEP_NAICS.htm.

Ohio Department of Job and Family Services
Office of Workforce Development
Bureau of Labor Market Information
PO Box 1618
Columbus OH 43216-1618

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Provide products and services that are customer and demand driven.

Be known as an important and reliable source for information solutions that support workforce development goals and outcomes.

This quarterly report was prepared by the Ohio Department of Job and Family Services to meet the requirements of the Ohio Revised Code 6301.10. For further information, visit our website at <http://OhioWorkforceInformer.org> or contact Keith Ewald, Chief, Bureau of Labor Market Information, at 614-752-9494.

William F. Demidovich, Jr., SPHR, Deputy Director
Office of Workforce Development

Keith Ewald, Ph.D., Chief
Bureau of Labor Market Information

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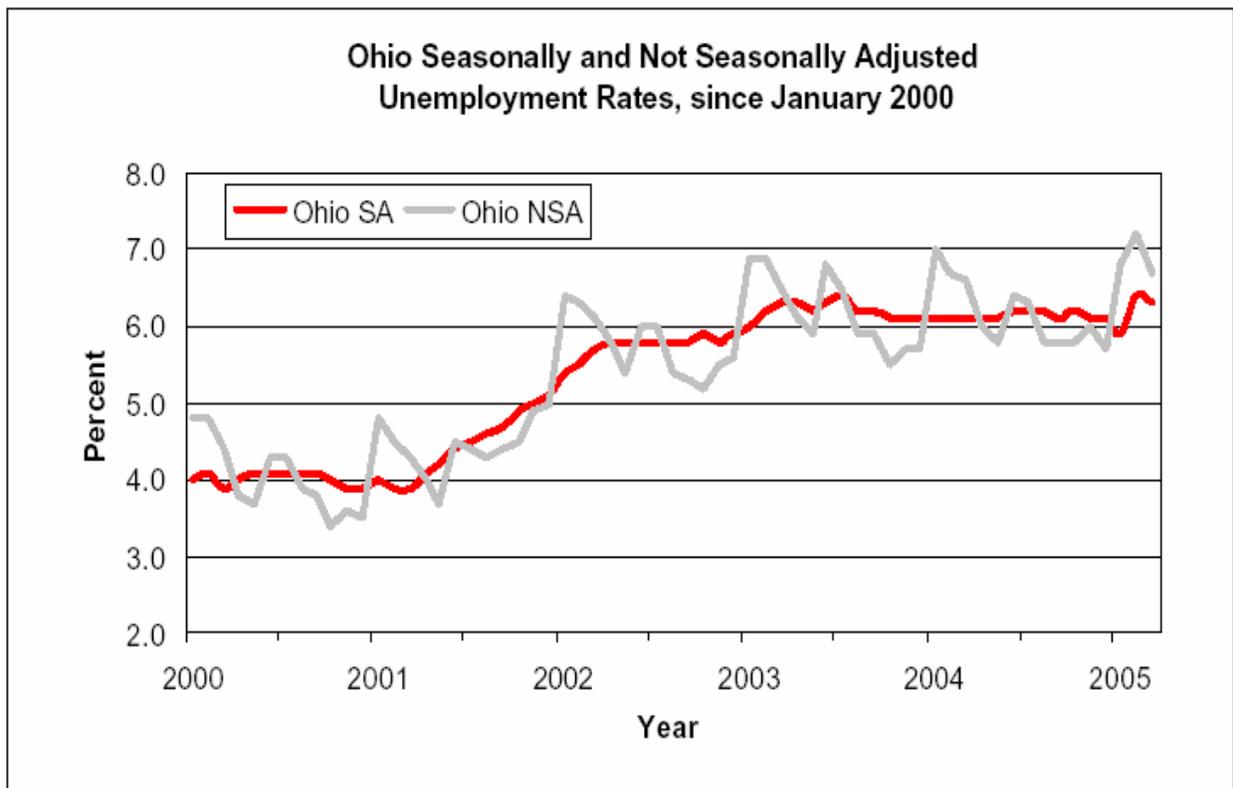
Seasonal Adjustment

Ohio and U.S. unemployment rates and labor force data are published monthly by the BLS. Two sets of data are published: seasonally adjusted data and not seasonally adjusted data. County data are not seasonally adjusted because seasonal adjustment factors tend to be unreliable for small areas.

Seasonal adjustment is used to remove fluctuations in unemployment and labor force trends that normally occur with changes in the season. The removal of seasonal variation allows evaluation of the unemployment rates as an indicator of economic change.

Seasonal variation in the employment situation occurs for a variety of natural and institutional reasons. Examples include reduction of employment involving outdoor activities during winter, large changes in labor force and unemployment levels with opening and closing of schools, and employment reductions during the automobile model changeover period. The overall impact of such events is a seasonal rise in unemployment rates during the winter months, usually peaking in January and February, and a drop in unemployment rates during the spring and late summer with May and September typically the low months.

The graph below presents the wide month-to-month changes that occur in the not seasonally adjusted data which reinforces our use of seasonally adjusted data, when available.



Unemployment Rates and Related Data

Employment Situation: Ohio and U.S

U.S. data are derived from a national household survey known as the Current Population Survey (CPS). This survey is conducted monthly by the U.S. Bureau of the Census for the U.S. Bureau of Labor Statistics (BLS). The survey collects data on the demographic characteristics and labor force status of household members, including employment and unemployment from approximately 60,000 households.

Ohio data are developed in cooperation with the BLS using the State Time Series Analysis and Review System (STARS). This method relies heavily on monthly unpublished CPS data as well as current wage and salary employment and unemployment insurance statistics. The time series model is designed to provide data on employment of all types of workers, based on place of residence.

Ohio Monthly Unemployment Insurance Initial Claims

Initial claims information was obtained from administrative records of the Ohio unemployment compensation program, operated by the Ohio Department of Job and Family Services.

An initial claim is defined as any notice of unemployment filed to request a determination of entitlement to and eligibility for compensation, or to begin a second or subsequent period of eligibility within a benefit year. Initial claims counts presented in this report include new, additional, transitional, and interstate agent claims. Beginning in January 2005, transitional claims are excluded from counts since they do not represent newly unemployed workers.

Average Duration of Unemployment and Unemployment Insurance Benefit Exhaustions: Ohio and U.S

Average duration of unemployment was calculated as the total number of weeks compensated for the previous 12 months divided by the total number of first payments for the same 12 month period. First payment is defined as the first payment in a benefit year for a week of unemployment.

Exhaustion rates were calculated as the number of claimants exhausting benefits divided by the number of claimants' first receiving benefits two quarters earlier.

Monthly totals for average duration of unemployment and number of exhaustions in the U.S. and Ohio were obtained from the U.S. Department of Labor, Employment and Training Administration (ETA). The national ETA office collects unemployment data from the states, then compiles and redistributes state and national unemployment insurance statistics through a required reporting mechanism in which all states participate.

The Claims and Payment Activities report (ETA-5159) serves as the basis for these figures. The DOL-ETA site is <http://workforcesecurity.doleta.gov/unemploy/content/data.asp>.

Employment Data

Ohio Nonagricultural Wage and Salary Employment

Ohio nonfarm employment data are derived from an employer survey known as the Current Employment Survey (CES). This survey is conducted monthly by ODJFS/BLMI, in cooperation with the BLS. The data are compiled from voluntary reports from 13,400 Ohio employers. The employer survey provides data on total employment, and on hours and earnings of production workers, by type of industry.

The employer survey does not include the self-employed, unpaid family workers, private household workers, agricultural workers, or those on strike or unpaid vacation and are based on place of work. Analysts generally regard the nonfarm data as the most reliable indicator of the current economic conditions due to its large sample size and the fact that the data are benchmarked annually to the complete count of employment from administrative unemployment insurance records.

Trends in Ohio Nonagricultural Wage and Salary Employment

Goods-producing industries include natural resources and mining, construction, and manufacturing. Service-providing industries include trade, transportation and utilities, information, financial activities, professional and business services, educational and health services, leisure and hospitality, other services, and government.

Ohio Leading Economic Indicators

The leading indicator index for Ohio is designed to anticipate changes in the economy based on changes in six component data series. At the national level, the Gross National Product is an acceptable measure of general levels of economic activity, but no monthly measure of the dollar value of goods and services produced at the state level exists. Therefore, seasonally adjusted employment estimates (CES data referenced above) are used to evaluate how well the economy is performing. The amount of variability in the composite indexes has been reduced by computing a six-month moving average.

Six components consistently conformed to the criteria cited above and explained a large portion of employment variation and business cycle movement. Three of these, the national composite index of leading indicators, domestic auto production and the spread of 10-year treasury interest rates and 1-year treasury interest rates, are national components. The index is normalized to the annual average total nonfarm wage and salary employment level in 2000.

Web Links for additional information

U.S. Bureau of Labor Statistics site: <http://www.bls.gov>

Ohio Bureau of Labor Market Information sites: <http://OhioWorkforceInformer.org> and <http://lmi.state.oh.us>.

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